

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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ATATEKS FOREIGN TRADE LTD, JORDAN  
and ATATEK DIS,

Plaintiffs,

-against-

PRIVATE LABEL SOURCING, LLC  
and SECOND SKIN, LLC,

Defendants.

-----x  
May 23, 2008  
10:00 a.m.

EXAMINATION BEFORE TRIAL of the Plaintiff  
herein, Atateks Foreign Trade LTD, JORDAN, by  
ILHAN ARSLAN, taken by the Defendant, pursuant  
to Notice, held at the offices of NESENOFF &  
MILTENBERG, LLP, 363 Seventh Avenue, New York,  
New York, before LAURA LIOTINE, a Notary Public  
for and within the State of New York.

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(1)

(2) A P P E A R A N C E S:

(3)

(4) LAW OFFICES OF ERIC J. GRANNIS  
Attorney for the Plaintiffs  
(5) 620 Fifth Avenue  
New York, New York 10020  
(6) BY: ERIC J. GRANNIS, ESQ.  
and DAVID CONNELLY

(7)

(8)

(9) NESENOFF & MILTENBERG, LLP  
Attorneys for Defendant  
(10) 369 Lexington Avenue, 5th Floor  
New York, New York 10001  
(11) BY: PHILIP A. BYLER, ESQ.  
and LAINE ARMSTRONG, ESQ.

(12)

(13)

(14) ALSO PRESENT: ALP DUMAN

(15)

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(2) F E D E R A L S T I P U L A T I O N S

(3)

(4) IT IS HEREBY STIPULATED AND AGREED by  
(5) and between the counsel for the respective  
(6) parties hereto, that the filing, sealing and  
(7) certification of the within deposition shall be  
(8) and the same are hereby waived;

(9)

(10) IT IS FURTHER STIPULATED AND AGREED that  
(11) all objections, except as to the form of the  
(12) question, shall be reserved to the times of the  
(13) trial.

(14)

(15) IT IS FURTHER STIPULATED AND AGREED that  
(16) the within deposition may be signed before any  
(17) Notary Public with the same force and effect as  
(18) if signed and sworn to before this court.

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(1) I. ARSLAN

(2) I L H A N A R S L A N, having first been duly  
(3) sworn by a Notary Public for and within the  
(4) State of New York, upon being examined,  
(5) testified as follows:

(6) THE REPORTER: Please state your  
(7) name for the record.

(8) THE WITNESS: Ilhan Arslan.

(9) THE REPORTER: What is your current  
(10) address?

(11) THE WITNESS: Cam Sog 26, Merter,  
(12) Istanbul, Turkey.

(13) EXAMINATION BY

(14) MR. BYLER:

(15) Q. Good morning. My name is Philip Byler.  
(16) I am counsel to the named defendants in this  
(17) case, Private Label and Second Skin and we are  
(18) conducting a deposition today.

(19) My first question of you, if you would  
(20) please identify your current employment  
(21) position.

(22) A. At the moment, I own two separate  
(23) companies with Atateks Group. The group is now  
(24) owned by my brother. We were partners at that  
(25) time but not anymore.

(1) I. ARSLAN  
(2) MR. BYLER: Off the record.  
(3) (Whereupon, a discussion was held  
(4) off the record.)  
(5) FURTHER EXAMINATION  
(6) BY MR. BYLER:  
(7) MR. GRANNIS: I just wanted to put  
(8) on the record, I had mentioned in e-mail  
(9) to Ms. Armstrong a couple of weeks ago  
(10) that Mr. Arslan's first language is  
(11) Turkish. He does speak some English but  
(12) he may have some difficulty  
(13) understanding the questions and I  
(14) suggested the possibility of a  
(15) translator and that hasn't happened. We  
(16) are certainly willing to go forward but  
(17) I do want to note for the record,  
(18) English is a difficult language for him.  
(19) MR. BYLER: We'll find out.  
(20) One of the things I wanted to do at  
(21) the start of the deposition is get some  
(22) background information from this  
(23) witness.  
(24) Can I ask the record be read, in  
(25) terms of the one question I asked of the

(1) I. ARSLAN

(2) witness.

(3) (Whereupon, reporter read back  
(4) requested portion.)

(5) Q. Can you explain that answer, in terms of  
(6) you say you owned the Atateks Group but that was  
(7) owned by your brother.

(8) A. At that time, Atateks is a group of  
(9) companies. In one of the companies, I had a  
(10) share at that time. And there was another  
(11) company also, a sister company to the group. I  
(12) had two group company shares. Not in the all  
(13) Atateks Group. A particular group, is how you  
(14) call, separate companies become group of  
(15) companies but every company has different  
(16) ownership, in terms of shares.

(17) Q. Are you aware of a company by the name  
(18) of Atateks Foreign Trade Ltd, Jordan?

(19) A. Repeat.

(20) Q. Atateks Foreign Trade Ltd, Jordan?

(21) A. Yes.

(22) Q. Do you recognize the company?

(23) A. Sure.

(24) Q. Can you describe that company?

(25) A. I was general manager of that group

(1) I. ARSLAN  
(2) company. That is a part of Atateks Seamless  
(3) Company. What we produce is seamless garments.  
(4) Atateks Seamless company produces the yarn,  
(5) fabric, dye in Turkey factories and Atateks  
(6) Foreign Trade, Jordan is making the cutting,  
(7) sewing and packing.

(8) Q. Who owns Atateks Foreign Trade, Ltd,  
(9) Jordan?

(10) A. Atateks Turkey, mother company, owns  
(11) Atateks Jordan.

(12) Q. One hundred percent?

(13) A. One hundred percent.

(14) Q. Do you recognize the name Atateks Dis  
(15) Ticaret A.S.? What is that company?

(16) A. That company is Atateks Group company  
(17) exporting company. Dis Ticaret means to help  
(18) foreign trade. It is Atateks Foreign Trade if  
(19) you translate into English.

(20) Q. What name of the company is what you  
(21) called the mother Atateks company?

(22) A. We call Atateks Group as the whole.

(23) Q. Earlier in your answer when you referred  
(24) to Atateks Group, was that the mother company?

(25) A. Yes. We call it as umbrella, to name

(1) I. ARSLAN  
(2) all the group companies. Atateks Group is --  
(3) almost everything starts with Atateks. Atateks  
(4) is a general start name. If dealing with  
(5) seamless products, we made another company  
(6) called Atateks Seamless.

(7) Q. Who owns Atateks Dis Ticaret A.S.?

(8) A. Ihasn is the main owner. For each  
(9) company there are some small shareholders. So,  
(10) I don't recall who has, like, one percent, two  
(11) percent shareholders for each group company but  
(12) the big owner is always Ihasn Arslan.

(13) Q. You said that the majority owner of  
(14) Ticaret is --

(15) A. Atateks Dis Ticaret is Ihasn Arslan.

(16) Q. What percentage, if any, of that company  
(17) do you own?

(18) A. At the moment?

(19) Q. Yes.

(20) A. Nothing.

(21) Q. Did you ever own any portion of that  
(22) company?

(23) A. In Dis Ticaret? No. In Seamless, yes.

(24) Q. What percent of the Seamless company did  
(25) you own?

- (1) I. ARSLAN
- (2) A. Twenty percent.
- (3) Q. Do you own it now?
- (4) A. No.
- (5) Q. What happened?
- (6) A. I sell it. I sold it to my brother. We  
(7) are separate now, in terms of I have set up  
(8) other companies myself and I am operating  
(9) myself. I am a self owner of other companies  
(10) out of the Atateks Group.
- (11) Q. Out of the Atateks Group?
- (12) A. Yes.
- (13) Q. Do you own any company within the  
(14) Atateks Group?
- (15) A. At the moment?
- (16) Q. Yes.
- (17) A. No.
- (18) Q. Do you have a position with Atateks  
(19) Foreign Trade Ltd, Jordan today?
- (20) A. No.
- (21) Q. Do you have a position today with  
(22) Atateks Dis Ticaret?
- (23) A. No.
- (24) Q. Did you have a position with Atateks Dis  
(25) Ticaret ever?

(1) I. ARSLAN

(2) A. No. I will tell you this way, though.  
(3) Atateks Seamless company doesn't export directly  
(4) to clients. So, Atateks Seamless factory is a  
(5) producer company, sells everything to Atateks  
(6) Dis Ticaret Company and Dis Ticaret company  
(7) makes the exportation.

(8) Q. When you say sells from the Seamless  
(9) company to the Foreign Trade company --

(10) A. Yes.

(11) Q. Can you describe more specifically what  
(12) you mean by sells.

(13) A. Invoicing. Due to some certain laws, to  
(14) make everything easier, all the group companies  
(15) sell to one company. That one company exports  
(16) only. For exportation Atateks Dis Ticaret, the  
(17) company, is the only one used for accounting  
(18) purposes.

(19) Q. Which company dealt with Private Label?

(20) A. Atateks Seamless company dealt with  
(21) Private Label but in the invoices you see  
(22) Atateks Dis Ticaret company. Understand me?

(23) Q. Yes.

(24) A. In operational basis, who takes the  
(25) order is Atateks Seamless company but they

(1) I. ARSLAN  
(2) receive the invoices from Dis Ticaret company.  
(3) So, I don't know how you call dealing with. You  
(4) may call both, maybe. I don't know how you call  
(5) it.

(6) Q. What position do you understand Alp has  
(7) now with in the Atateks Group?

(8) A. Atateks Group has a branch in the United  
(9) States under the name of Morera, USA. He  
(10) operates. He is managing the office of Atateks  
(11) Group.

(12) Q. Does he have a position with Atateks  
(13) Foreign Trade Ltd, Jordan?

(14) A. No.

(15) Q. Does he have a position with Atateks Dis  
(16) Ticaret, the foreign trade company?

(17) A. No. Not officially. They are in the  
(18) same group for us but there is no position for  
(19) another group company.

(20) Q. When did you stop being a general  
(21) manager for Atateks Foreign Trade Ltd, Jordan?

(22) A. I was general manager of the Seamless  
(23) company, that's foreign trade company. I  
(24) started around April, 2007. I am not sure  
(25) though.

(1) I. ARSLAN

(2) Q. Let me just clarify. You said you were  
(3) general manager of the Seamless company?

(4) A. Correct.

(5) Q. But not the Foreign Trade company?

(6) A. Correct.

(7) Q. Is the Seamless company a Turkish  
(8) company?

(9) A. Yes.

(10) Q. That is a separate company from Atateks  
(11) Foreign Trade?

(12) A. Identity, yes, but same group company.

(13) Q. Both are within the Atateks Group?

(14) A. Yes.

(15) Q. Do both exist today?

(16) A. Yes.

(17) Q. Did you have an ownership interest in  
(18) the Seamless company, the Turkish Seamless  
(19) company?

(20) A. I don't understand.

(21) Q. Did you ever have an ownership interest  
(22) in the Turkish Seamless company?

(23) A. I didn't get the question.

(24) Q. The ownership, did you have any  
(25) ownership interest in the Turkish Seamless

- (1) I. ARSLAN  
(2) company?  
(3) A. Did I have interest?  
(4) Q. Ownership interest, did you own a part  
(5) of the company?  
(6) A. Did I own twenty percent of the Seamless  
(7) company? At the time, yes.  
(8) Q. Did you ever own any part of the Atateks  
(9) Foreign Trade Ltd, Jordan company?  
(10) A. No.  
(11) Q. Let me step back. Were you born in  
(12) Turkey?  
(13) A. Correct.  
(14) Q. Where did you go to school?  
(15) A. In Turkey and in the United States.  
(16) Q. What level of education did you go to  
(17) school in Turkey?  
(18) A. Associate degree in business  
(19) administration.  
(20) Q. From?  
(21) A. Bogazici University in Turkey.  
(22) Q. And that's in Turkey?  
(23) A. Yes.  
(24) Q. And you got what kind of degree?  
(25) A. Associate degree in business

- (1) I. ARSLAN
- (2) administration. That is a two-year college.
- (3) Q. Where is it located in Turkey?
- (4) A. Istanbul.
- (5) Q. What approximate year did you get your
- (6) degree from Bogazici?
- (7) A. Pardon me.
- (8) Q. What year did you get your degree?
- (9) A. 1993.
- (10) Q. After you got your degree in 1993, what
- (11) did you do?
- (12) A. I studied in another college in Turkey.
- (13) I left that. I came to the United States. I
- (14) studied at Thomas Edison State College for about
- (15) a year and I got a degree of how you call it?
- (16) BS BA, Bachelor of Science in business
- (17) administration from Thomas Edison State College
- (18) in New Jersey.
- (19) Q. What year was it that you came to the
- (20) United States?
- (21) A. 1994. 1995 I was graduated.
- (22) Q. After you received your degree from
- (23) Thomas Edison State College, what did you do?
- (24) A. I went back to Turkey. I worked in our,
- (25) I call it family company, Atateks Group. At

(1) I. ARSLAN

(2) that time was smaller but I worked in Atateks  
(3) companies in different positions.

(4) Q. Did you move back to Turkey?

(5) A. Yes.

(6) Q. Did you live in Istanbul?

(7) A. Correct.

(8) Q. Did you have some position, title when  
(9) you returned to Turkey and took a position  
(10) within the family business?

(11) A. Yes.

(12) Q. What was that title?

(13) A. At that time it was at the knitting  
(14) plant. I was managing the - how you call it -  
(15) subcontracting production manager, I would call  
(16) that. We were subcontracting some of the  
(17) fabric, knitted fabric production at the time  
(18) and I was managing that outside production.

(19) Q. How long did you do that?

(20) A. About a year.

(21) Q. Then what did you do?

(22) A. Then I started selling of knitted fabric  
(23) in the same company for about another two years.  
(24) Two and a half years.

(25) Q. Then what did you do?

(1) I. ARSLAN

(2) A. I came to the United States in 1999 and  
(3) initiated a setup of an office for Atateks Group  
(4) in New York City.

(5) Q. Was that office established?

(6) A. Pardon?

(7) Q. Was that office established? Did you  
(8) set up the office?

(9) A. Yes.

(10) Q. It became operational?

(11) A. Yes.

(12) Q. Where was the office located in New York  
(13) City?

(14) A. Broadway. I don't recall the exact  
(15) address but on Broadway. Near Time Square. I  
(16) don't recall the address. It was less than a  
(17) year though.

(18) Q. How long were you in this position of  
(19) setting up the office?

(20) A. Eight months. And I returned back.

(21) Q. Was this for the entire Atateks Group  
(22) that the office was set up?

(23) A. Yes. The main purpose was to sell  
(24) whatever we produced. At that time we were  
(25) producing dyed yarn, knitted fabric and

(1)

I. ARSLAN

(2)

elastomeric covered yarn and I was successful in selling dyed yarn and elastomeric covered yarn over there.

(5)

Q. Do you recall the companies to which you sold those products?

(7)

A. One of them, yes. My main customer was Fabrictex.

(9)

Q. Was that an American company?

(10)

A. Yes. In North Carolina.

(11)

Q. Did you have a title when you were here in this office in the Atateks Group here in New York City?

(14)

A. Yes. I was - how you call - the director, general manager. Something like that. I was the only one, anyway.

(17)

Q. Were there other Atateks employees in the office?

(19)

A. At that time, no.

(20)

Q. At the conclusion of the eight months, what did you do?

(22)

A. I went back to Turkey.

(23)

Q. And when you went back to Turkey, what did you do?

(25)

A. I served my military service. It is

(1) I. ARSLAN  
(2) obligatory in Turkey. So, for eight months and  
(3) afterwards we were starting up the seamless  
(4) plant. I initiated in the plant setup in the  
(5) group. That was it.

(6) Q. When you say initiated the plant setup,  
(7) what do you mean?

(8) A. That means like I was kind of, you know,  
(9) managing the setup of the seamless factory.

(10) Q. Before that effort on your part, was the  
(11) Atateks Group producing, at all, seamless  
(12) garments?

(13) A. No.

(14) Q. This was a new line for the company?

(15) A. Yes, totally new.

(16) Q. Was a company set up to do this  
(17) production?

(18) A. Yes. That was the Atateks Seamless  
(19) company.

(20) Q. That's the Atateks Seamless company you  
(21) referred to earlier?

(22) A. I am tell you in English. In Turkish  
(23) official name is Atateks Dikissiz Giyim but we  
(24) call it Atateks Seamless for English  
(25) communication.

(1)

## I. ARSLAN

(2)

Q. Did you become general manager of this Atateks Seamless company from the start?

(4)

A. No.

(5)

Q. What happened?

(6)

A. From the start there were some other professionals. They were managing the company. I was more in R and D and establishing the production procedures. I was at those levels. I was not the general manager at the time.

(11)

Q. When you say at the time, approximately what year was it that this operation was set up, this new line?

(14)

A. About 2000, July something, I believe.

(15)

Q. July, 2000?

(16)

A. I am not sure but it's in 2000.

(17)

Q. What happened that you became the general manager for Atateks Seamless?

(19)

A. Pardon.

(20)

Q. How did it come about that you became the general manager of Atateks Seamless?

(22)

A. Actually, I was a semiprofessional. See, I was dealing with Atateks Seamless company but at the same time or whenever needed at another group company, I was there to help out.

(1)

## I. ARSLAN

(2)

So, it was like I was not managing directly the general manager but there was a professional doing everything but later on I was the only one who was making all -- how you call it? I did get the title general manager later on. Then I was the only one, yes, dealing with all operations. Yes.

(3)

Q. What year was it that Atateks Seamless started producing seamless garments?

(4)

A. It started, some productions, in the year 2000 and somewhere but it really started in early 2001.

(5)

Q. How did Atateks Seamless start to sell the seamless garment? How was it that sales were made of the seamless garment made by Atateks Seamless?

(6)

A. At that time, we were working with domestic market and the Euro market. And you want me to tell how we get orders?

(7)

Q. How were you getting orders?

(8)

A. I see. We were making random contacts with buying offices and introducing ourselves as a producer and we got some contacts and they asked for some samplings, pricings, et cetera.

(1) I. ARSLAN  
(2) And later on we get the first order and they  
(3) produce and deliver it. It starts like that,  
(4) usually and later on when you are growing, you  
(5) have a reputation. People come to you, usually  
(6) and with some projects in their hands and we  
(7) make R and D samplings and pricings and we get  
(8) orders and deliver them.

(9) Q. Did you use any agents?

(10) A. Yes.

(11) Q. What agent's names?

(12) A. From the beginning, you mean?

(13) Q. Well, let's start from the beginning.

(14) A. Many. I don't recall all of their names  
(15) but yes, in Turkey. Turkey is a big country for  
(16) textiles and there are many, many agents which  
(17) are dealing with putting the orders, following  
(18) up the orders and some are making quality  
(19) controls also and usually if the clients are  
(20) medium scale clients, they are using agents. If  
(21) they are big customers, they usually use their  
(22) own liaison officers in Istanbul. You deal with  
(23) their liaison officers. Otherwise, it is  
(24) usually agents. Some customers only don't use  
(25) any agent, usually.

(1) I. ARSLAN

(2) Q. Was there one agent company by the name  
(3) of Basul?

(4) A. They're an agent and also quality  
(5) control.

(6) Q. What business relationship did you have  
(7) with Basul?

(8) A. Basul came to us with a project in the  
(9) beginning and that was a seamless project and  
(10) with Basul we were introduced to Private Label  
(11) Sourcing Company, to sell to Target stores.

(12) Q. Did you recognize the name Target?

(13) A. At that time?

(14) Q. Yes.

(15) A. I knew it because I used to live in the  
(16) United States. I knew that they were big but I  
(17) had no connection before that.

(18) Q. Before Basul came to you with the  
(19) project for Private Label, did you have any  
(20) contact or connection with Private Label?

(21) A. No. It started with Basul.

(22) Q. Was that about 2002?

(23) A. I am not sure. Should be around there.

(24) Q. What happened as a result of the contact  
(25) Basul made on behalf of Private Label?

(1)

## I. ARSLAN

(2)

A. We started doing production with the orders for Target stores.

(4)

(5)

Q. What kind of arrangements were made in terms of making these sales?

(6)

(7)

(8)

(9)

(10)

(11)

(12)

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(15)

(16)

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(20)

(21)

(22)

(23)

(24)

(25)

A. It was a little bit different in the beginning. As far as I recall, Basul used to get the order from Private Label Sourcing Company and there were mainly two different businesses. We used to ship directly to the Target stores or we used to ship to Private Label warehouse. It depends on the order, that everything is specified. Basul was taking commission from Private Label Sourcing Company and also from us.

Later on Private Label company started, decided not to pay any more commission to Basul in the last year or couple of years. Maybe only we were paying commission, I guess. I am not sure if they were paying also extra but at a meeting I remember Christine Dente had talked to Basul. They wouldn't pay any more due to the shrinkage of profits. So, we were paying commission only. As far as I know, from that meeting. I don't know if they were still paying

- (1) I. ARSLAN
- (2) each other or not. That's their relationship.
- (3) Q. When there was shipment to Target
- (4) directly, how were you paid?
- (5) A. An LC basis.
- (6) Q. Explain that.
- (7) A. Letter of credit basis. We get the
- (8) order with a letter of credit. We ship directly
- (9) to Target. We are paid by Target but I don't
- (10) know how to tell. In the LC Private Label
- (11) Sourcing has a percentage in the common LC.
- (12) They used to allow us to clear our transfer from
- (13) the bank after they get their percentage. I
- (14) don't know how you call it in English. You
- (15) understand?
- (16) Q. What word in Turkish would you use?
- (17) A. Temlik basis we call it. That means
- (18) they get their percentage and they release the
- (19) remaining for us.
- (20) Q. When you ship directly to the warehouse
- (21) for Private Label, how were you paid?
- (22) A. It was different from shipment to
- (23) shipment because in the beginning it was, as far
- (24) as I recall, CAD basis. CAD is cash against
- (25) documents, but somehow due to some

(1) I. ARSLAN  
(2) conversations, they were asking for release from  
(3) us. For instance, not to pay cash against  
(4) documents and they used to pay on a deferred  
(5) payment basis, for instance. We used to trust  
(6) them. So, we would release some goods and they  
(7) were paying us later on. So, it was almost on  
(8) open basis later on. Open basis means we send  
(9) the goods. They transfer us or sometimes they  
(10) give us a company check. Like that.

(11) Q. I am going to go into a number of  
(12) different things. Let me take a few things at a  
(13) time.

(14) Did you do business by purchase orders?

(15) A. Correct.

(16) Q. Was there any other contract or document  
(17) in terms of shipping the shipment of goods that  
(18) your company made, other than the purchase  
(19) orders?

(20) A. Actually, purchase order means for us if  
(21) it is coming from Target, it had - how you call  
(22) - printed lay up. It's always the same setup on  
(23) the paper, on the document. It is pre-prepared  
(24) document. It is always the same. For Private  
(25) Label deliveries, it's not always like that. It

(1) I. ARSLAN

(2) is not a concern layout on the paper. They have  
(3) some purchase order layouts, but it is sometimes  
(4) just a mail.

(5) Q. But the business was always by purchase  
(6) order; is that correct?

(7) A. Correct. We call it purchase order.

(8) Q. There wasn't any other contracts  
(9) involved? It was just purchase orders? That's  
(10) what I am trying to establish, the basis for  
(11) selling.

(12) A. As far as I recall, yes. Yes, I am not  
(13) sure if we had any other contract signed before.  
(14) I don't recall.

(15) Q. Do you know of any?

(16) A. Other than purchase orders?

(17) Q. Yes.

(18) A. I don't recall.

(19) MR. BYLER: I am going to mark this  
(20) as a collective exhibit. I am going to  
(21) ask that all the exhibits marked be  
(22) attached to the deposition transcript at  
(23) the end because that way when we have  
(24) the transcript, we'll have the exhibits.  
(25) And I am going to mark this as

- (1) I. ARSLAN
- (2) Defendant's Exhibit 1. It is from the
- (3) production of Atateks.
- (4) (Invoices were marked Defendant's
- (5) Exhibit 1 for identification, as of this
- (6) date by the reporter.)
- (7) Q. We have marked as Defendant's Exhibit 1,
- (8) as a collective exhibit, on its face appear to
- (9) be Private Label Sourcing, LLC purchase orders
- (10) that were produced by Atateks, AT0082 through
- (11) 101. I want to hand it to the witness and ask
- (12) if he can identify these as purchase orders from
- (13) Private Label to Atateks of the kind that he has
- (14) been describing in his testimony.
- (15) A. This is a purchase order from Private
- (16) Label Sourcing, LLC.
- (17) Q. On this purchase order, were there a
- (18) quantity of garments specified to be made?
- (19) A. Correct, yes.
- (20) Q. And is there a price for that garment?
- (21) A. Yes.
- (22) Q. Are there terms, in terms of how soon or
- (23) in what way payment of the purchase order is to
- (24) be made?
- (25) A. Yes. Under terms. Yes, it is written.

(1) I. ARSLAN

(2) Q. In the business that was done by Atateks  
(3) with Private Label, was it by these kind of  
(4) purchase orders that orders were made for  
(5) garments and sold by Atateks?

(6) A. I will tell you, probably yes because  
(7) our salespeople used to deal with this and I  
(8) used to check my reports. Not on the basis of  
(9) this. On our reports, I used to check.

(10) Q. When you say, "On the basis of this,"  
(11) you're referring to the purchase orders?

(12) A. Correct. This is a purchase order.

(13) Q. Was there any other kind of document  
(14) that triggered production other than this kind  
(15) of purchase order?

(16) A. Yes. Sometimes it is just a mail.

(17) Q. What do you mean "mail"?

(18) A. Mail order from Nilda Corchado or  
(19) Christine Dente. Nilda is the lady in Private  
(20) Label Sourcing company who is operating the  
(21) production level decisions.

(22) Q. When you would receive a mail request  
(23) for production, wouldn't you also then receive a  
(24) purchase order reflecting that?

(25) A. Actually, in the beginning, yes.

(1)

I. ARSLAN

(2)

Everything was in order because you don't know the company. They don't know you. Purchase order, actual layout sheets, et cetera. But after continuous relationship, say there is an urgent shipment, sample request or whatever, it might be priced or not. Some samples, say a couple of dozen, might be priced but just a mail order was also sufficient for us because it was a continuous relationship later on, like in the payments also.

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(25)

Normally, in accounting we would prefer there is a purchase order. There is a delivery. There is an invoice. There is a bill of lading. The payment should come to cover the whole. But in a continuous relationship, say you are sending an invoice for \$100,000 but you get say \$60,000. You deduct it from the receivables. So, they don't send us for the actual invoice, for instance. It might occur, and we used to say okay.

Q. You're referring to a relationship. Was there several years that Atateks and Private Label did business?

A. Yes. About four years they did

(1) I. ARSLAN

(2) business, correct.

(3) Q. Do you recall approximately the volume  
(4) of business that was done in terms of revenues?

(5) A. At one year it was like 13 million U.S.  
(6) dollars per year. It was slightly over 8  
(7) million dollars another year. I don't recall  
(8) one-by-one each year how much we did but  
(9) privately with Private Label Sourcing company  
(10) was at that time our largest customer in terms  
(11) of sales volume.

(12) Q. Were there any major problems in  
(13) payments in this period of time that you were  
(14) describing when you were doing 8 million dollars  
(15) of business or 13 million dollars of business in  
(16) 2002, 2003, 2004, 2005?

(17) MR. GRANNIS: Objection to form.

(18) You could answer. If I object to form,  
(19) you just answer the question.

(20) A. Would you repeat it again.

(21) Q. Let me rephrase the question. Before  
(22) November, 2006, let's say just as a time frame.  
(23) Before, before sometime in 2006, were there any  
(24) problems in payments while you were doing this  
(25) volume of business that you described, one year

(1) I. ARSLAN

(2) being 8 million, another year 13 million?

(3) A. When you say is there any problem? Yes.  
(4) There are always some small minor problems but  
(5) which is bargains, communicated to each other  
(6) and solved this way or another but the major  
(7) problem with the payments started in year 2006.

(8) Q. Before that time in 2006 there wasn't a  
(9) major problem in payment, I take it?

(10) A. If you say major problem, see, it was  
(11) like this. We were trying to accommodate our --  
(12) at that point in time the biggest client. So,  
(13) if you call, yes, it was problem. I think we  
(14) were asked a lot of extra payments but due to  
(15) continuous relationship, as a courtesy, yes, we  
(16) were trying to find a way to solve.

(17) Q. Let me step back for a moment and refer  
(18) your attention to Atateks Foreign Trade Ltd,  
(19) Jordan. That is one of the named plaintiffs in  
(20) this case; do you understand?

(21) A. Repeat.

(22) Q. One of the named Plaintiffs is Atateks  
(23) Foreign Trade Ltd, Jordan?

(24) A. Correct.

(25) Q. Would you give the background of how

(1) I. ARSLAN

(2) this company was set up?

(3) A. Yes. Jordan and the United States made  
(4) an agreement that if something is produced at a  
(5) certain percentage in Jordan, U.S. is making a  
(6) waiver of duty and quotas. So, it was helping  
(7) us to sell from Jordan instead of from Turkey  
(8) because of price burden was very, very squeezing  
(9) us. To meet the prices we went for a setup  
(10) plant in Jordan and we made production in Jordan  
(11) and we delivered from Jordan to the United  
(12) States. And the main idea for Jordan plant was  
(13) to sell for the U.S. market.

(14) Q. What year was it that the Jordan plant  
(15) was set up?

(16) A. I am not sure. I am not sure but I can  
(17) check it and tell you exact date. I am not  
(18) sure.

(19) Q. Were you personally involved in the  
(20) setup of the Jordanian plant?

(21) A. Correct.

(22) Q. What was made in Jordan?

(23) A. The fabric tubes and seamless  
(24) production, we produced piece by piece. Not  
(25) continuous fabric. So, we call it fabric tubes.

(1) I. ARSLAN  
(2) Dyed and finished fabric tubes. Finished  
(3) meaning in terms of chemical finishing. Fabric  
(4) tubes are sent to factory in Jordan. They are  
(5) cut. They are sewn and they are packed in  
(6) Jordan plant and dispatched to the U.S. clients.  
(7) I don't know if I am clear to you.

(8) Q. Looking back at the purchase orders it  
(9) says, "issued to Atateks Foreign Trade LTD." Is  
(10) that the Jordan company or is that some other  
(11) company? I am looking at Exhibit 1.

(12) A. If it is foreign trade it should be  
(13) Jordan. But it says, always, from where to  
(14) ship. The name is -- I am not sure though. We  
(15) always deliver on FOB basis. It says Jordan.  
(16) Yes.

(17) FOB basis means we are free on board.  
(18) That means if the goods leave our factory  
(19) through containers, the containers are sent by  
(20) the buyer, by the crew lines, and they are  
(21) picked up from our factory. We don't send  
(22) through our forwarder. The forwarder picks up,  
(23) the forwarder of the buyer picks up from the  
(24) factory.

(25) Q. In collective Exhibit 1, these were the

(1) I. ARSLAN  
(2) purchase orders we found in the production that  
(3) was made by Plaintiffs. Do you know, yourself,  
(4) whether or not this is the entirety of the  
(5) purchase orders in the files of the Atateks  
(6) Group or was this some selection of the purchase  
(7) orders?

(8) A. I couldn't follow.

(9) Q. Do you know any reason why these  
(10) particular purchase orders were produced in this  
(11) case that have been marked as Exhibit 1?

(12) A. I don't get the question. Sorry.

(13) Q. Do you know why these purchase orders  
(14) were produced in this case that have been marked  
(15) as Exhibit 1?

(16) A. What do you mean? Why do we produce  
(17) this?

(18) Q. You did business by purchase orders,  
(19) correct?

(20) A. Okay.

(21) Q. You produced purchase orders in this  
(22) case, okay; do you understand?

(23) A. I produced these purchase orders you  
(24) mean? Yes.

(25) Q. Do you know whether or not you gave us

(1)

I. ARSLAN

(2)

all the purchase orders that Atateks had with  
Private Label or some smaller group of them?

(4)

(5)

A. I see. If we have a purchase order, if  
it is not cancelled, we delivery it.

(6)

Q. Explain what you mean.

(7)

(8)

(9)

A. I mean sometimes we get the purchase  
order but it is changed. It might be  
drastically changed in the production, even  
sometimes when it is produced. So, there might  
be some changes in production. Then I don't  
know if they're changing the purchase order and  
making another one or they're still utilizing  
the same purchase order. I am not sure. We do  
that through communication. Through mail.

(16)

(17)

(18)

(19)

Q. When you say changes, does that include  
that sometimes there are discounts that are  
applied to the amount of price shown on the  
purchase order?

(20)

(21)

A. Would you repeat. I am a little bit  
confused.

(22)

(23)

(24)

(25)

Q. By change, do you mean for example that  
there are discounts, credits sometimes applied  
to the amount shown in terms of the requested  
payment in the purchase order?

(1)

I. ARSLAN

(2)

A. Normally, there cannot be any discount.

(3)

If there is a purchase order, that's it. It should be on the basis of that purchase order and it should be produced and sent within the time limit.

(4)

(5)

(6)

(7)

(8)

(9)

Q. You indicated there were changes. In what way were there changes to the purchase orders that you described?

(10)

(11)

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(25)

A. I see. Purchase order is just one bus stop in the whole process. I would call it bus stop. Until getting a purchase order, we make a lot of effort, like sampling, making development, making color shades, et cetera.

Once we have a sample for assessment sample for instance, it goes to Private Label Company and we have an order from Private Label company. That is called purchase order, yes.

But see, unfortunately sometimes to produce everything you need the whole details. Okay. Like in here, all size charts, how many to produce, at what price, when, et cetera, but unfortunately sometimes we could not get enough information to produce it.

What I am trying to tell you is we have

(1)

I. ARSLAN

(2)

a time and action plan. This is one part of the whole process until delivering to the final customer. A purchase order might be gotten by us but according to the time and action plan, there are many, many things to be done to deliver this order. I don't know if I am clear.

(8)

Q. You are.

(9)

A. There is a color here, maybe, but which color it is? It should be specified. It is not on the purchase order. Those should be done in the process at a certain time limit.

(13)

Q. Do you personally know why these particular purchase orders were produced in this case by Plaintiff, looking at Defendant's Exhibit 1?

(17)

A. This is a small order. When you say, "why," you mean --

(19)

Q. Was there any particular reason why these particular purchase orders were produced in this case? These are the purchase orders that were produced by the Plaintiffs in this case. I have marked them as a collective exhibit, Exhibit 1.

(25)

A. I don't understand.

(1) I. ARSLAN

(2) Q. My question is, was there any particular  
(3) reason that you know of that these particular  
(4) purchase orders were produced in this case?

(5) A. I mean we get the order to ship it out.

(6) Q. Were there other purchase orders that  
(7) you know of?

(8) MR. GRANNIS: Off the record.

(9) (Whereupon, a discussion was held  
(10) off the record.)

(11) FURTHER EXAMINATION

(12) BY MR. BYLER:

(13) Q. Before you is the collective exhibit,  
(14) Defendant's Exhibit 1 which consists of purchase  
(15) orders. And my question to you is do you know  
(16) of a reason why these purchase orders were the  
(17) ones that were given to us in this litigation by  
(18) Plaintiffs?

(19) A. I don't know. Why you produce it for  
(20) me? These are some of the purchase orders,  
(21) right?

(22) Q. Do you know if there are other purchase  
(23) orders that were submitted to Atateks by Private  
(24) Label?

(25) A. I will tell you this way. I cannot

(1) I. ARSLAN  
(2) recall all from my memory. See, I don't know  
(3) which ones are missing, which ones are here  
(4) because I was dealing with 50 thousand pieces  
(5) per day production and this is some of them. I  
(6) don't know why you gave these to me. If you be  
(7) more specific, I will tell you.

(8) Q. You understand Defendant's Exhibit 1 are  
(9) purchase orders that were produced, given to  
(10) defense counsel in the course of this  
(11) litigation, do you understand that, by your  
(12) counsel?

(13) A. I see. Yes, so --

(14) Q. My question to you is, do you understand  
(15) of any reason or reasons why these particular  
(16) purchase orders were the ones that were provided  
(17) in this case by your counsel?

(18) A. I don't know. Just to show some samples  
(19) of purchase orders to you. I don't know.

(20) Q. Do you know if there are other purchase  
(21) orders that were not given to us, purchase  
(22) orders from Private Label to Atateks?

(23) A. I cannot know now but if you give them  
(24) to us and give us some certain time, I can have  
(25) it checked from our records and tell you,

(1) I. ARSLAN

(2) specifically.

(3) Q. Let me step back. You referred in your  
(4) testimony to Christine Dente, correct?

(5) A. Would you, please.

(6) Q. You referred earlier in your testimony  
(7) to a Ms. Christine Dente, correct?

(8) A. What does referred mean?

(9) Q. You said the name Christine Dente?

(10) A. Yes.

(11) Q. Do you know who she is?

(12) A. Yes. Sure.

(13) Q. Who is she?

(14) A. She is at the moment the only owner of  
(15) Second Skin, LLC and I don't know any of her  
(16) partners but also the owner of Private Label  
(17) Sourcing company.

(18) Q. When did you first meet Christine Dente?

(19) A. First time, I am not sure in the United  
(20) States or in Turkey office. I am not sure. I  
(21) don't recall.

(22) Q. Was it many years ago?

(23) A. Yes. It should be around year 2002,  
(24) 2003. I don't recall. Usually our sales  
(25) executives meet with people. In the long run if

(1)

## I. ARSLAN

(2)

I am needed or if I am around, I join. I don't initiate the first meeting all the time.

(4)

Q. Were there, over the course of the business relationship between Atateks Group companies and Private Label, a number of meetings that you had with Christine Dente?

(8)

A. I am lost. Would you?

(9)

Q. Were there, in the course of the business relationship between the Atateks Group companies and Private Label, a number of meetings you were in with Ms. Christine Dente?

(13)

A. Can you take a break maybe? The longer the sentence is, the worse my understanding is.

(15)

MR. GRANNIS: You have to answer the question. You can take a break afterwards.

(18)

A. Slowly.

(19)

Q. Do you recall how many times that you met with Christine Dente in the course of doing business with Private Label?

(22)

A. I didn't keep a track record but many times.

(24)

Q. Many times?

(25)

A. Many times, including dinners, you know,

(1)

I. ARSLAN

(2)

after business meetings. I don't recall how many times, specifically.

(4)

MR. GRANNIS: Off the record.

(5)

(Whereupon, a discussion was held off the record.)

(7)

## FURTHER EXAMINATION

(8)

BY MR. BYLER:

(9) Q. Who ran the company, Atateks Foreign Trade Ltd, Jordan? Who was in charge of running that particular company?

(12)

A. At the moment?

(13)

Q. Back whenever it was set up.

(14)

A. Atateks Foreign Trade Ltd, Jordan was under my control but not all the time. About a year and a half I was dealing with some other businesses, again in the group, but I went to the other company and came back. I don't recall exact dates but from the beginning, I started the setup, Atateks Foreign Trade, Jordan, and we did a lot of business with Private Label at that time, too and at my absence, also, it went ahead, yes.

(24)

Q. Did there come a time that there was some problems that developed with the Jordan

(1)

I. ARSLAN

(2) plant?

(3) A. What sort of problems you mean?

(4) Q. Were there problems in terms of the  
(5) conditions of working at the plant in Jordan?

(6) A. Working conditions, you mean?

(7) Q. Yes.

(8) A. If you are asking from my viewpoint,  
(9) there were no problems from our viewpoint but as  
(10) Jordan, yes, as a whole in Jordan, yes. There  
(11) has been some problems and we had been suffering  
(12) a couple of days, yes. Yes, we had some  
(13) problems. We can call it strike. We can call  
(14) it strike. At war time. At war time Israel and  
(15) Lebanon were -- I don't recall exact time but at  
(16) that time, yes. Just before the war about, two  
(17) months ago we had some problems at Jordan  
(18) factories.(19) Q. When you say problems, what was your  
(20) understanding of those?

(21) A. National Labor Committee.

(22) Q. To your knowledge, who is the National  
(23) Labor Committee?(24) A. National Labor Committee is an  
(25) organization in the United States. Name,

(1) I. ARSLAN  
(2) Charles Kernaghan - I don't know if I am  
(3) spelling correctly - made a report for ten  
(4) people from Atateks, Jordan factory at that time  
(5) and these were the problems in Jordan.  
(6) All the Bangladeshi workers were going  
(7) strikes to make their working conditions better,  
(8) to get more pay in Jordan. At that time,  
(9) somehow our people were also on the street and  
(10) once you don't have any authorization to work on  
(11) the street together, if you work together it's  
(12) illegal in Jordan Law. And there has been a  
(13) confrontation with the police, official police  
(14) and also the - how you call it - secret police,  
(15) civil uniform. Not a uniform but regular --  
(16) they are higher level secret intelligence of  
(17) Jordan. It is called Muhaderat.  
(18) There has been a confrontation on the  
(19) street and somehow there has been some  
(20) discussions over there. There has been taken  
(21) some photos from our people and also some other  
(22) companies' people on the street. Not only us.  
(23) I mean all the el ta jam (phonetic), or  
(24) industrial zone people. Let me put it this way.  
(25) We were in the el ta jam qualified industrial

(1) I. ARSLAN  
(2) zone. We were one of the companies over there.  
(3) And these ten people were deported by Jordan  
(4) Law.  
(5) And National Labor Committee made the  
(6) report, not only for Atateks, also many  
(7) companies. You can check their web sites.  
(8) They're always doing these sorts of things. And  
(9) that's why we were reported as - how you call -  
(10) a company with not good working conditions.  
(11) But then we answered them quickly. They  
(12) had put my answer. I also, I had written,  
(13) myself, the answer to them and then we were  
(14) supported with government offices.  
(15) We invited National Labor Committee  
(16) people many times. Nobody showed up, to see  
(17) themselves if there is truth in their report or  
(18) not, to check themselves, et cetera but nobody  
(19) showed up.  
(20) I guess last year also we had - how you  
(21) call it - we are in the golden list of Jordan  
(22) factories. We took that privilege because  
(23) government officials and some other offices,  
(24) related offices come to your factory, make their  
(25) observations, make reports. We are titled for

(1)

## I. ARSLAN

(2)

the golden list factories of Jordan. That means you're working conditions and everything is above the legal requirements. We were always above the legal requirements anyway.

(6)

(7)

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(25)

But NLC people didn't show up. They didn't listen to us. They didn't make any report with us. They made the report in Bangladesh with the workers and unfortunately it was not fair that they didn't listen to us at that time once they made their report but later on they put our answers in, et cetera, and reversed their allegations. They were like this. They were not paid or they were working extra, extra overtime, et cetera. We proved they were wrong.

MR. GRANNIS: Off the record.

(Whereupon, a discussion was held

off the record.)

## FURTHER EXAMINATION

BY MR. BYLER:

A. As soon as that report was published in their website, companies, auditing people started visiting us and made their audit one-by-one. And we were always passing the

(1)

I. ARSLAN

(2) audits.

(3)

MR. BYLER: Let me mark as

(4) Defendant's Exhibit 2, what we produced,

(5) and dated September 28, 2006 document

(6) entitled Atateks Garment Factory in

(7) Jordan.

(8) (NLC report was marked Defendant's  
(9) Exhibit 2 for identification, as of this  
(10) date by the reporter.)

(11) Q. I am going to hand Defendant's Exhibit 2  
(12) to be identified, National Labor Committee  
(13) Report. Does it appear to be the report that  
(14) was given by the National Labor Committee?

(15) A. That report was on National Labor  
(16) Committee website, not delivered to us. From  
(17) the website you can check it and afterwards what  
(18) consequences happened. You could check it from  
(19) the same website, as well. I don't know if they  
(20) have been updating it lately.

(21) MR. BYLER: Let me mark as  
(22) Defendant's Exhibit 3 which looks like  
(23) Factory Audit. This is from our  
(24) production. 246 through 253.

(25) (Factory Audit was marked

- (1) I. ARSLAN
- (2) Defendant's Exhibit 3 for
- (3) identification, as of this date by the
- (4) reporter.)
- (5) A. You have any question?
- (6) Q. My question is did you, in the course of
- (7) your duties with the Jordanian company, review,
- (8) receive any reports of audits of the factory in
- (9) Jordan?
- (10) A. Did I receive audits from where?
- (11) Q. Reports of audits from the factory
- (12) conditions and working pay and the like?
- (13) A. I didn't get the question.
- (14) Q. I have marked for your review what looks
- (15) like a document of an audit of the factory, of
- (16) the Atateks factory. My first question is, did
- (17) you receive such audit reports at all?
- (18) A. I see. I received reports from not only
- (19) Target but from other customers, too. This one,
- (20) I did not receive this personally but I am not
- (21) sure. I might have sent this or another one.
- (22) Because this is --
- (23) Q. Who did the audit? Who did the audit?
- (24) A. Audits are done through the factories'
- (25) offices.

(1)

I. ARSLAN

(2)

Q. Of Jordan?

(3)

A. Not factory. Buyers' office. I mean Target or Nautica, or J.C. Penny or whatever. Or their hired companies over there. If they don't have their office over there, they hire some other companies.

(8)

And by the way, regarding this audit, we have a lot of e-mails through Basul and through Private Label Company, that they're aware that these audits are not showing the correct condition.

(13)

MR. BYLER: Let me mark as Defendant's Exhibit 4 a Target Corporation, what looks like an audit report.

(17)

(Audit report was marked Defendant's Exhibit 4 for identification, as of this date by the reporter.)

(21)

Q. The question is, did you receive a report of an audit report that was done by Target?

(24)

A. I should have received that. I don't know when but I should have received it later

(1) I. ARSLAN

(2) time because I didn't sign this. The people in  
(3) Atateks Foreign Trade Company in Jordan has  
(4) signatures over there.

(5) Q. Can you identify for the record who  
(6) these people are?

(7) A. One of them is foreign affairs manager  
(8) Selma Amas. The other one is the general  
(9) manager of Atateks, Jordan, Nimetullah Sagding.

(10) Q. Do you recall receiving a report what  
(11) Target Corporation concluded as a result of an  
(12) audit Target did?

(13) A. I am not sure if we were suspended or  
(14) not because there is a phase called suspension.  
(15) I don't recall if we were suspended or not  
(16) because we were talking to Private Label  
(17) company, not to Target. We were getting the  
(18) information from Private Label Company. So, I  
(19) don't recall if we were in suspension stage or  
(20) not but what I recall is we had shipped some  
(21) orders through Turkey, not through Jordan at  
(22) that time because we had pending orders and  
(23) Private Label Sourcing company was pushing us to  
(24) ship them out of Istanbul.

(25) Q. Do you recall why?

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(2) A. It might be also due to these audits or  
(3) I don't know, or war conditions because they  
(4) were at the same time.

(5) Q. September, 2006 that time maybe? I was  
(6) trying to date the time of the audits and the  
(7) war conditions you were referring to.

(8) A. Cannot be September, 2006. Earlier than  
(9) that. It is around 2005.

(10) Q. No. The war conditions were 2006.

(11) A. Was it?

(12) Q. 2006 was the war. When you say, "war  
(13) conditions," were you referring to the Israeli  
(14) Hezbollah conflict?

(15) A. Yes.

(16) Q. That occurred about in the later half of  
(17) 2006.

(18) A. I don't -- I am not sure. Because these  
(19) were almost at a similar time.

(20) Q. That's fine. That's your testimony. Do  
(21) you recall every being specifically informed by  
(22) Private Label that Target found the conditions  
(23) at the Jordanian plant unsatisfactory?

(24) A. At the first report they did after this  
(25) NLC report. I guess it was -- I am not sure.

(1)

## I. ARSLAN

(2)

It should be unsatisfactory and some steps should be taken or something like that. Each report, at each audit they find some minor and major problems to be solved, but they give you some certain time to correct it for each step. I am not pretty sure what were they because at that time for each company there were many auditors in the company. Some are saying it is unsatisfactory but with Target, again I am not sure if we were suspended in their production matrix or not for the Jordan plant. I am not sure if we were suspended or not because I, myself, didn't see anything from Target that we were suspended or not. I didn't see something like that.

(17)

Q. Were you informed, ever, from Private Label or Target that production from the Jordanian plant wouldn't be accepted by Target?

(20)

A. I don't recall that. It comes from Private Label usually. We are not in direct communication usually about those, if we are suspended or still we can ship from that factory. I don't recall. I don't recall. I am not pretty sure because at that time we,